



**Testimony on
HB 5780**

**Local, Intergovernmental, and
Regional Affairs Committee**

**Peter Battani
Kalamazoo County
Administrator/Controller**

Thursday, September 27, 2012

Mr. Chairman, Mr. Vice Chairman, Honorable Members of the Committee:

My name is Peter Battani and I am the Administrator/Controller for Kalamazoo County Government. I am here today to testify against HB 5780.

We all recognize, honor and respect the special requirements, duties and risks associated with being a law enforcement officer or member of the fire service. We are all indebted to their service in behalf of public safety. But HB 5780 has nothing to do with the esteem with which we hold police and fire personnel.

Acknowledgement of the special role police and fire personnel is already enshrined in PA 312, which gives their bargaining units the privilege of binding arbitration in labor disputes. This privilege is afforded no other labor unions in the state. In practice, PA 312 binding arbitration has given police and fire unions an upper hand in their bargaining with management. As a result, compensation, wages and benefits levels and increases for police and fire unions' historically far out- paced those of all other non-managerial employees in local government, whether unionized or non-unionized.

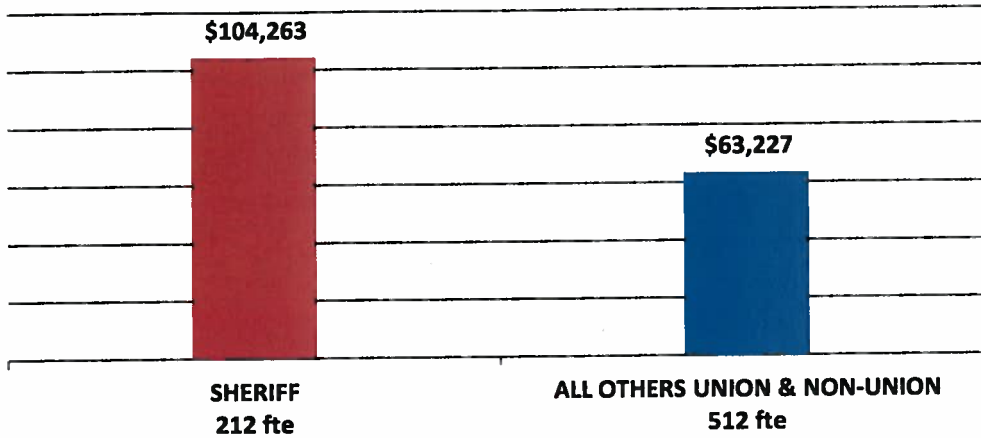
For example at Kalamazoo County Government, compensation in the Sheriff's Office has reached unsustainable levels and has bred unsustainable employee expectations. It is said "a picture is worth a thousand words." I am providing you some simple bar charts to demonstrate my point. The average compensation level for a Kalamazoo County Sheriff Office employee is \$104, 263 per year, while all other employees, whether union or non-union is \$63,227. Fringe benefits for Sheriff employees cost an additional 57% of payroll, as compared to 36.5% for all other employees. The 57% fringe charge includes defined contribution plan at 16% of gross – not net wages – which includes total pay, such as overtime, longevity pay and holidays. By contrast, Sheriff employees currently pay only 12% of their health care premium, while all other employees pay 20%.

We are currently negotiating with our two Sheriff Office unions for a new contract, beginning on January 1, 2013. For the first time in memory, the County Board of Commissioners has real leverage to put it on an equal footing in its

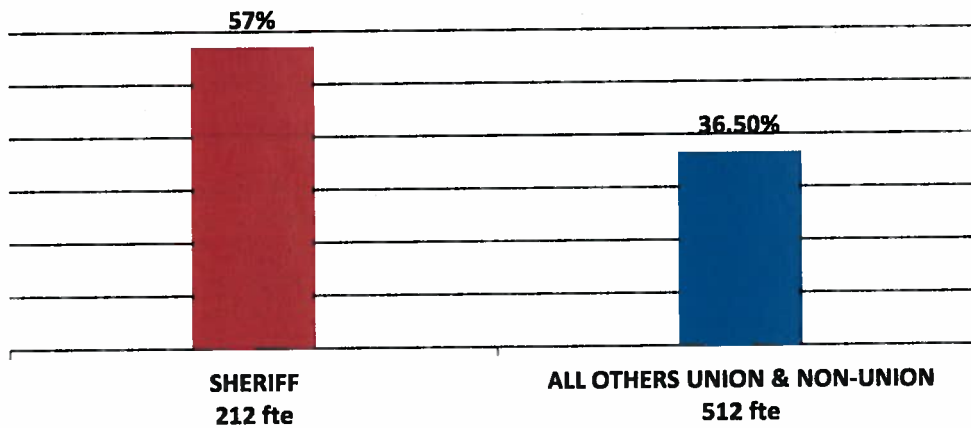
negotiating processes, thanks to actions taken by this Legislature and Governor when you adopted PA 54 last year. PA 54, as you know, restricts retroactive pay, pay increases, and requires bargaining unit members of any union to pay out of pocket health care cost increases when an existing collective bargaining agreement has expired and a new one has not yet been settled. These restrictions are reasonable and necessary to enable management and bargaining units to reach contract settlements in a timely and financially sustainable way. The Legislature and Governor acted wisely to place these requirements on all collective bargaining statewide, to enable local governments to properly maintain public services with available revenue. To exempt police and fire unions from these restrictions now is to turn the clock back to pre-PA 54 for the most expensive personnel in local government. As such, there is no legitimate public safety or public policy reason whatsoever to exempt police and fire unions from these restrictions, other than to satisfy police and fire police and fire unions.

The stakes are very, very high to the local communities you represent. Police and fire services generally account for about 60% of local government operating expenditures. The ability to keep wages and benefits at sustainable levels is assisted greatly by PA 54. Exempting police and fire bargaining units will put communities at greater risk because if compensation for police and fire cannot be curbed, local governments statewide will be forced to choose between financial insolvency and reducing head count of police and fire personnel through layoffs, with the result being reduced safety for the employees and the community. With several local communities either in Emergency Financial Manager status or on the verge of it, HB 5780 will push many local governments closer to the edge, if not over it. HB 5780 should not be reported out of committee, and certainly not passed into law. If passed, it would be very, very bad for citizens and taxpayers, local units of government statewide, and ultimately would put public safety at greater risk.

Average Compensation



Benefit Percentage



Health Care Contribution Percentage

